Volker Britz

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Citizenship: German

Current Position:

Ph.D. candidate (expected completion date: August 2011)

Dissertation title: “Bargaining Power in Strategic Games and Economic Decision-Making”

Ph.D. advisors: Prof. dr. P. Jean-Jacques Herings
Dr. Arkadi Predtetchinski

Journal Publication:

- V.Britz, P.J.J.Herings, and A.Predtetchinski, “Non-Cooperative Support for the Asymmetric Nash Bargaining Solution”, *Journal of Economic Theory, 145,* pp. 1951-1967.

  ABSTRACT: *We study a model of non--cooperative multilateral unanimity bargaining on a full-dimensional payoff set. The probability distribution with which the proposing player is selected in each bargaining round follows an irreducible Markov process. If a proposal is rejected, negotiations break down with an exogenous probability and the next round starts with the complementary probability. As the risk of exogenous breakdown vanishes, stationary subgame perfect equilibrium payoffs converge to the weighted Nash bargaining solution with the stationary distribution of the Markov process as the weight vector.*

Working Papers:

- V.Britz, “Optimal Value Commitment in Bilateral Bargaining” (Job Market Paper), *METEOR Research Memorandum RM/10/056.*

  ABSTRACT: *We propose a new model to study the role of commitment as a source of strategic bargaining power. Two impatient players bargain about the division of a pie under a standard bargaining protocol in discrete time with time-invariant recognition probabilities. Instantaneous utility is linear, but players discount the future by a constant factor. Before bargaining starts, a player can commit not to enter into any agreement which gives him less than some utility level. This commitment is perfectly binding initially. However, once so much time has passed that even receiving the entire pie would yield less than the committed level of utility, then the commitment becomes void. Intuitively, this simply means that no player can remain committed to something which has become impossible. We use a slight refinement of subgame-perfect equilibrium as a solution*

concept. If only one player can commit, then we find an immediate and efficient agreement on a division which gives the committed player (strictly) between one half and the entire pie, the exact allocation being determined uniquely by the recognition probabilities. If both players can commit sequentially before the bargaining starts, we find a unique equilibrium division with a first--mover advantage. Finally, we consider a version of the game where both players commit simultaneously before the bargaining starts. In this case, there is a range of equilibrium divisions. However, in the limit as the discount factor goes to one, no player obtains less than one third of the pie, even with arbitrarily small proposal power. Somewhat surprisingly, the equal split emerges as the only division supported by an equilibrium for any choice of the discount factor and the recognition probabilities.

- V.Britz, P.J.J.Herings, and A.Predtetchinski, "Theory of the Firm: Bargaining and Competitive Equilibrium", *METEOR Research Memorandum RM/10/057*

  ABSTRACT: *Suppose that a firm has several owners and that the future is uncertain in the sense that one out of many different states of nature will realize tomorrow. An owner's time preference and risk attitude will determine the importance he places on payoffs in the different states. It is a well--known problem in the literature that under incomplete asset markets, a conflict about the firm's objective function tends to arise among its owners. In this paper, we take a new approach to this problem, which is based on non--cooperative bargaining. The owners of the firm play a bargaining game in order to choose the firm's production plan and a scheme of transfers which are payable before the uncertainty about the future state of nature is resolved. We analyze the resulting firm decision in the limit of subgame-perfect equilibria in stationary strategies. Given the distribution of bargaining power, we obtain a unique prediction for a production plan and a transfer scheme. When markets are complete, the production plan chosen corresponds to the profit-maximizing production plan as in the Arrow-Debreu model. Contrary to that model, owners typically do use transfers to redistribute profits. When markets are incomplete, the production plan chosen is almost always different from the standard notion of competitive equilibrium and again owners use transfers to redistribute profits. Nevertheless, our results do support the Drèze criterion as the appropriate objective function of the firm.*

Work in Progress:

- V.Britz, P.J.J.Herings, and A.Predtetchinski, "Endogenous Proposer Selection in Multilateral Bargaining"
- V.Britz, P.J.J.Herings and A.Predtetchinski, "Shareholder Bargaining in a General Equilibrium Model"

Academic Interests:

- Microeconomic theory (game theory, strategic bargaining, general equilibrium theory with incomplete markets, theory of the firm)
- Industrial economics, competition policy

Teaching Experience:

- Teaching assistant in introductory Microeconomics course
- Teaching assistant in "Choices, Markets, and Welfare" (intermediate Microeconomics course)
- Teaching assistant and course coordinator in "Economics of Regulation and Antitrust" (3rd year Industrial Organization course)

Service:

- Organizer of the Maastricht Lecture Series in Economics, a bi-weekly seminar series (2009-2010)

Referee Experience:

- Mathematical Social Sciences
- Social Choice and Welfare

Educational Background:

- Master of Science in Economics (International Economic Studies), Maastricht University (2006) – with distinction
- Bachelor of Science in Economics (International Economic Studies), Maastricht University (2005)
- Exchange student at ICN management school in Nancy, France (2004)

Grants and Awards:

- Beta Gamma Sigma membership
- "Open Competition" grant for the Ph.D. project by the Netherlands Organization for Scientific Research (NWO)

Languages:

- German (native)
- English, French, Dutch

Presentations:

- Workshop on "Dynamic Games and Management Science", Montréal/Canada, May 2008
- NAKE research day, University of Utrecht/the Netherlands, October 2008
- Conference on Economic Design, Maastricht/the Netherlands, June 2009
- 5th Spain-Italy-Netherlands Meeting on Game Theory (SING5), Amsterdam/the Netherlands, July 2009
- Maastricht Lecture Series in Economics, Maastricht/the Netherlands, November 2009
- Coalition Theory Network Workshop, Marseille/France, June 2010
- Congress of the European Economic Association, Glasgow/UK, August 2010

References:

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